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FILED IN THE
UNITED STATES DISTRICT COURT
DISTRICT OF HAWAII

AUG 07 2003
at 11 o'clock and 35 min. M
WALTER A. Y. H. CHINN, CLERK

Attorneys for Plaintiff
UNITED STATES OF AMERICA

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF HAWAII

UNITED STATES OF AMERICA,)	CR. NO. <u>CR 03-00394</u> DAE
)	
Plaintiff,)	INDICTMENT
)	
vs.)	18 U.S.C. § 1344
)	[Bank Fraud]
JED J. INOUYE,)	
)	
Defendant.)	
)	

INDICTMENT

COUNTS 1-2

The Grand Jury charges that:

Introduction

At all times material to this Indictment:

1. American Savings Bank (ASB) was a financial institution whose deposits were insured by the Federal Deposit Insurance Corporation (FDIC).

2. Bank of Hawaii (BOH) was a financial institution whose deposits were insured by the FDIC.

3. Seafood Hawaii, Inc. (Seafood Hawaii) was a Hawaii company engaged in the wholesale and retail sale of seafood.

4. Seafood Hawaii maintained accounts at various institutions, including business checking account number 80004-13370 at ASB, and business checking account number 08-032173 at BOH.

5. Defendant JED J. INOUYE (INOUYE) was president and a part-owner of Seafood Hawaii. INOUYE was responsible for managing the finances and daily operations of Seafood Hawaii. INOUYE had access to Seafood Hawaii's checks, and was an authorized signatory on Seafood Hawaii's accounts at ASB and BOH.

Scheme and Artifice to Defraud

6. From a precise earlier date unknown to the grand jury, but by February 2001, and continuing through January 17, 2002, in the District of Hawaii, JED ^J ~~E~~. INOUYE did knowingly execute, and attempt to execute, a scheme and artifice to defraud ASB and BOH, federally chartered and insured financial institutions, and to obtain money, funds and credits owned by and under the custody and control of ASB and BOH, by means of false and fraudulent pretenses, representations, and omissions of material facts, all as more fully set forth below.

a. INOUYE wrote checks on Seafood Hawaii's checking accounts at ASB and BOH, even though he knew Seafood Hawaii did not have sufficient funds in the accounts to cover the checks.

b. INOUYE deposited, or caused to be deposited, checks that he wrote on Seafood Hawaii's ASB account into Seafood Hawaii's account at BOH. On or about the same dates that he made deposits at BOH, INOUYE would deposit, or cause to be deposited, other checks that he wrote on Seafood Hawaii's account at BOH into Seafood Hawaii's account at ASB.

c. Both ASB and BOH gave Seafood Hawaii immediate credit on its checks, that is, they allowed Seafood Hawaii immediately to withdraw funds up to the amounts of the deposited checks.

d. It took several days for the checks to "clear" the banking system, and for the bank which accepted the check to receive payment from the bank on which the check was written. In the interim, it appeared to the banks that there were more funds in the accounts than there in fact were. By continuing the pattern of cross-deposits at ASB and BOH, INOUYE created inflated account balances in Seafood Hawaii's accounts, and induced ASB and BOH to honor checks drawn on accounts which held insufficient funds. By increasing the amounts of the cross-deposits over time, INOUYE was able to conceal his earlier

deposits, and obtain access to additional money which could be used to pay Seafood Hawaii's operating expenses.

e. By virtue of the foregoing scheme and artifice to defraud, INOUYE induced ASB and BOH to honor checks which were used to pay Seafood Hawaii's operating expenses. When INOUYE's activities were discovered, ASB and BOH froze Seafood Hawaii's accounts, and ultimately suffered losses of \$391,610.69 and \$72,048.00, which amounts represented the difference between amounts paid out by the banks and amounts legitimately deposited into Seafood Hawaii's accounts.

7. On or about the dates set forth below, in the District of Hawaii, JED ³ INOUYE did knowingly execute, and ^{attempt} ³ to execute, the aforesaid scheme and artifice to defraud ASB and BOH by depositing the following checks for payment, knowing that there were insufficient funds in the accounts upon which they were drawn, with each such deposit representing a separate count of this Indictment:

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<u>Count</u>	<u>Date of Deposit</u>	<u>Amount of Check</u>	<u>Check Number</u>	<u>Drawn On</u>	<u>Deposited To</u>
1	1/14/02	\$33,696.66	0016813	BOH	ASB
2	1/14/02	\$29,290.64	3426	ASB	BOH

All in violation of Title 18, United States Code,
Section 1344.

AUG 07 2003
DATED: _____, 2003, at Honolulu, Hawaii.

A TRUE BILL

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Foreperson, Grand Jury

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Lawrence Tong

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J. R. P.

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